

MOR-1

UNITED STATES BANKRUPTCY COURT

CASE NAME: Lajitas Resorts, Ltd.
CASE NUMBER: 07-70143
PROPOSED PLAN DATE: _____

PETITION DATE: 07/02/07
DISTRICT OF TEXAS: Western
DIVISION: Midland

MONTHLY OPERATING REPORT SUMMARY FOR MONTH

OCTOBER

YEAR

2007

MONTH	Jul-07	Aug-07	Sep-07	Oct-07		
REVENUES (MOR-6)	210,865.00	180,205.00	382,679.00	483,768.00	0.00	0.00
INCOME BEFORE INT; DEPREC./TAX (MOR-6)	-299,551.00	-420,415.00	-321,261.82	-136,572.00	0.00	0.00
NET INCOME (LOSS) (MOR-6)	-916,199.00	-817,084.00	-721,008.82	-537,701.00	0.00	0.00
PAYMENTS TO INSIDERS (MOR-9)	54,558.99	60,170.48	57,015.93	75,339.66	0.00	0.00
PAYMENTS TO PROFESSIONALS (MOR-9)	1,500.00	0.00	0.00	7,192.05	0.00	0.00
TOTAL DISBURSEMENTS (MOR-8)	500,785.91	794,664.98	673,007.54	1,411,400.00	0.00	0.00

The original of this document must be filed with the United States Bankruptcy Court and a copy must be sent to the United States Trustee

**REQUIRED INSURANCE MAINTAINED
AS OF SIGNATURE DATE**

**EXP.
DATE**

CASUALTY	YES	<u>X</u>	NO	<u>04/30/08</u>
LIABILITY	YES	<u>X</u>	NO	<u>04/30/08</u>
VEHICLE	YES	<u>X</u>	NO	<u>04/30/08</u>
WORKER'S	YES	<u>X</u>	NO	<u>04/30/08</u>
OTHER	YES	<u>X</u>	NO	<u>04/30/08</u>

Are all accounts receivable being collected within terms?

CIRCLE ONE

Yes

Are all post-petition liabilities, including taxes, being paid within terms?

Yes

Have all tax returns and other required government filings been timely paid?

Yes

Have any pre-petition liabilities been paid?

Yes

If so, describe

Payroll & leases approved by the court

Are all funds received being deposited into Debtor in Possession bank accounts?

Yes

Were any assets disposed of outside the normal course of business?

No

If so, describe

Are all U.S. Trustee Quarterly Fee Payments current?

Yes

What is the status of your Plan of Reorganization?

ATTORNEY NAME: Mark J. Petrocchi
FIRM NAME: Goodrich Postnikoff Albertson & Petrochhi, LLP
ADDRESS: 777 Main Street
Suite 1360
CITY, STATE, ZIP: Fort Worth, TX 76102
TELEPHONE/FAX: (817) 347-5269/(817) 338-9209

INITIALS _____

DATE _____

UST USE ONLY

I certify under penalty of perjury that the following complete
Monthly Operating Report (MOR), consisting of MOR-1 through
MOR-9 plus attachments, is true and correct.

SIGNED X

C. Matulich

TITLE: CFO

(ORIGINAL SIGNATURE)

Cynthia L. Matulich 11/26/07

(PRINT NAME OF SIGNATORY)

DATE Revised 11/08/05

MOR-1

CASE NAME: Lajitas Resorts, Ltd.

CASE NUMBER: 07-70143

COMPARATIVE BALANCE SHEETS

ASSETS	FILING DATE*	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH
	7/2/2007 0:00	Jul-07	Aug-07	Sep-07	Oct-07		
CURRENT ASSETS							
Cash	41,785.00	613,300.00	23,169.00	714,687.58	367,709.00		
Accounts Receivable, Net	194,430.00	194,387.00	161,371.00	260,306.00	222,289.00		
Inventory: Lower of Cost or Market	515,234.00	504,628.00	504,412.00	499,789.00	493,522.00		
Prepaid Expenses	304,679.00	341,409.00	408,153.00	403,037.00	398,824.00		
Investments							
Other							
TOTAL CURRENT ASSETS	1,056,128.00	1,653,724.00	1,097,105.00	1,877,819.58	1,482,344.00	0.00	0.00
PROPERTY, PLANT & EQUIP. @ COST	38,955,273.00	38,980,209.00	39,012,779.00	39,049,148.00	39,071,766.00		
Less Accumulated Depreciation	9,520,602.00	9,654,671.00	9,788,540.00	9,922,179.00	10,055,028.00		
NET BOOK VALUE OF PP & E	29,434,671.00	29,325,538.00	29,224,239.00	29,126,969.00	29,016,738.00	0.00	0.00
OTHER ASSETS							
1. Tax Deposits							
2. Investments in Subsidiaries	19,161,435.00	19,227,812.00	19,263,648.00	19,252,457.00	19,299,634.00		
3. Electric Deposit							
4.							
TOTAL ASSETS	\$49,652,234.00	\$50,207,074.00	\$49,584,992.00	\$50,257,245.58	\$49,798,716.00	\$0.00	\$0.00

* Per Schedules and Statement of Affairs

MOR-2

Revised 11/08/05

CASE NAME: Lajitas Resorts, Ltd.
CASE NUMBER: 07-70143

COMPARATIVE BALANCE SHEETS

LIABILITIES & OWNER'S EQUITY	FILING DATE*	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH
	7/2/2007 0:00	Jul-07	Aug-07	Sep-07	Oct-07		
LIABILITIES							
POST-PETITION LIABILITIES(MOR-4)	0.00	678,266.00	1,759,406.00	2,139,779.00	3,769,714.00		
PRE-PETITION LIABILITIES							
Notes Payable - Secured	12,500,000.00	12,500,000.00	12,500,000.00	12,500,000.00	12,500,000.00		
Priority Debt (** Pre-petition)	149,733.00	146,183.00	0.00				
Federal Income Tax							
FICA/Withholding (** Pre-petition)	-3,719.00		0.00				
Unsecured Debt	3,838,014.00	3,819,353.00	3,815,666.00	3,781,133.00	3,757,529.00		
Other	2,692,273.00	3,503,538.00	2,767,270.00	3,819,492.00	2,287,265.00		
TOTAL PRE-PETITION LIABILITIES	19,176,301.00	19,969,074.00	19,082,936.00	20,100,625.00	18,545,061.82	0.00	0.00
TOTAL LIABILITIES	19,176,301.00	20,647,340.00	20,842,342.00	22,240,404.00	22,314,775.82	0.00	0.00
OWNER'S EQUITY (DEFICIT)							
PREFERRED STOCK							
COMMON STOCK							
ADDITIONAL PAID-IN CAPITAL	83,654,507.00	83,654,507.00	83,654,507.00	83,654,507.00	83,654,507.00		
RETAINED EARNINGS: Filing Date	-53,178,574.00	-53,178,574.00	-53,178,574.00	-53,178,574.00	-53,178,574.00		
RETAINED EARNINGS: Post Filing Date		-916,199.00	-1,733,283.00	-2,454,291.82	-2,991,992.82	0.00	0.00
TOTAL OWNER'S EQUITY (NET WORTH)	30,475,933.00	29,559,734.00	28,742,650.00	28,021,641.18	27,483,940.18	0.00	0.00
TOTAL LIABILITIES & OWNERS EQUITY	\$49,652,234.00	\$50,207,074.00	\$49,584,992.00	\$50,262,045.18	\$49,798,716.00	\$0.00	\$0.00

* Per Schedules and Statement of Affairs

MOR-3

Revised 11/08/05

(** Pre-petition) Payroll and payroll taxes were included as a priority claim, but it was not posted until July due to the timing of the payperiod ending and pay dates.

CASE NAME: Lajitas Resorts, Ltd.

CASE NUMBER: 07-70143

SCHEDULE OF POST-PETITION LIABILITIES

	MONTH Jul-07	MONTH Aug-07	MONTH Sep-07	MONTH Oct-07	MONTH	MONTH
TRADE ACCOUNTS PAYABLE	140,055.00	57,014.00	58,578.00	37,689.00		
TAX PAYABLE						
Federal Payroll Taxes	20,007.00	19,166.00	20,611.00	-3,715.00		
State Payroll Taxes	7,429.00	8,138.00	8,654.00	5,333.00		
Ad Valorem Taxes						
Other Taxes	10,775.00	8,724.00	24,769.00	32,003.00		
TOTAL TAXES PAYABLE	38,211.00	36,028.00	54,034.00	33,621.00	0.00	0.00
SECURED DEBT POST-PETITION						
ACCRUED INTEREST PAYABLE		716,638.00	996,628.00	1,224,951.00		
ACCRUED PROFESSIONAL FEES*						
OTHER ACCRUED LIABILITIES						
1. Advance from Steve Smith	500,000.00	800,000.00	800,000.00	1,817,000.00		
2. Payroll/Vacation/Incentives		28,871.00	54,938.00	83,115.00		
3. Deposits		10,195.00	50,549.00	173,814.00		
4 Accrued Property Tax		56,000.00	56,000.00	112,000.00		
4 Other Accruals		54,660.00	69,052.00	287,524.00		
TOTAL POST-PETITION LIABILITIES (MOR-3)	\$678,266.00	\$1,759,406.00	\$2,139,779.00	\$3,769,714.00	\$0.00	\$0.00

*Payment requires Court Approval

MOR-4

Revised 11/08/05

CASE NAME: Lajitas Resorts, Ltd.CASE NUMBER: 07-70143

AGING OF POST-PETITION LIABILITIES

MONTH October-07

DAYS	TOTAL	TRADE ACCOUNTS	FEDERAL TAXES	STATE TAXES	AD VALOREM, OTHER TAXES	
0-30	25,176.17	25,176.17				
31-60	-305.96	-305.96				
61-90	113.86	113.86				
91+	12,704.68	12,704.68				
TOTAL	\$37,688.75	\$37,688.75	\$0.00	\$0.00	\$0.00	\$0.00

AGING OF ACCOUNTS RECEIVABLE

MONTH	TOTAL	Club A/R	Hotel A/R			
0-30 DAYS	30,540.32	27,353.05	3,187.27			
31-60 DAYS	32,023.61	29,223.61	2,800.00			
61-90 DAYS	14,026.39	10,736.19	3,290.20			
91+ DAYS	124,508.51	94,892.46	29,616.05			
TOTAL	\$201,098.83	\$162,205.31	\$38,893.52	\$0.00	\$0.00	\$0.00

MOR-5

Revised 11/08/05

CASE NAME: Lajitas Resorts, Ltd.CASE NUMBER: 07-70143

STATEMENT OF INCOME (LOSS)

	MONTH Jul-07	MONTH Aug-07	MONTH Sep-07	MONTH Oct-07	MONTH	MONTH	FILING TO DATE
REVENUES (MOR-1)	210,865.00	180,205.00	382,679.00	483,768.00			1,257,517.00
TOTAL COST OF REVENUES	86,809.00	55,374.00	163,053.00	112,490.00			417,726.00
GROSS PROFIT	124,056.00	124,831.00	219,626.00	371,278.00	0.00	0.00	839,791.00
OPERATING EXPENSES:							
Selling & Marketing	11,100.00	10,160.00	12,817.00	28,379.00			62,456.00
General & Administrative	45,164.00	127,223.00	137,959.82	118,456.00			428,802.82
Insiders Compensation		1,036.00	57,015.93	75,339.66			133,391.59
Professional Fees			0.00	7,192.05			7,192.05
Payroll	234,278.00	253,109.00	265,742.00	267,991.00			1,021,120.00
Other	133,065.00	153,718.00	67,353.07	10,492.29			364,628.36
TOTAL OPERATING EXPENSES	423,607.00	545,246.00	540,887.82	507,850.00	0.00	0.00	2,017,590.82
INCOME BEFORE INT, DEPR/TAX (MOR-1)	-299,551.00	-420,415.00	-321,261.82	-136,572.00	0.00	0.00	-1,177,799.82
INTEREST EXPENSE	482,579.00	262,801.00	266,108.00	268,279.00			1,279,767.00
DEPRECIATION	134,069.00	133,868.00	133,639.00	132,850.00			534,426.00
OTHER (INCOME) EXPENSE*							0.00
OTHER ITEMS**							0.00
TOTAL INT, DEPR & OTHER ITEMS	616,648.00	396,669.00	399,747.00	401,129.00	0.00	0.00	1,814,193.00
NET INCOME BEFORE TAXES	-916,199.00	-817,084.00	-721,008.82	-537,701.00	0.00	0.00	-2,991,992.82
FEDERAL INCOME TAXES							0.00
NET INCOME (LOSS) (MOR-1)	(\$916,199.00)	(\$817,084.00)	(\$721,008.82)	(\$537,701.00)	\$0.00	\$0.00	(\$2,991,992.82)

Accrual Accounting Required, Otherwise Footnote with Explanation.

* Footnote Mandatory.

* * Unusual and/or infrequent item(s) outside the ordinary course of business requires footnote.

MOR-6

Revised 11/05/05

July General and Administrative Expenses includes a credit of \$35K for a prior period coding error.

July Payroll includes a \$59K Workers' Copm Refund

August Other Expenses includes a \$10K application fee to Ft. Ashford Funds and a \$25K pre-petition advance from Steve Smith recorded after the fact.

CASE NAME: Lajitas Resorts, Ltd.

CASE NUMBER: 07-70143

CASH RECEIPTS AND DISBURSEMENTS	MONTH Jul-07	MONTH Aug-07	MONTH Sep-07	MONTH Oct-07	MONTH	MONTH	FILING TO DATE
1. CASH-BEGINNING OF MONTH	41,785.00	613,300.00	23,169.93	714,688.04	367,708.65	367,708.65	41,785.00
RECEIPTS:							
2. CASH SALES	197,241.20	184,918.77	317,462.00	266,748.91			966,370.88
3. COLLECTION OF ACCOUNTS RECEIVABLE	15,686.71	18,390.01	31,058.71	101,518.62			166,654.05
4. LOANS & ADVANCES (attach list)	800,000.00	0.00	0.00	0.00			800,000.00
5. SALE OF ASSETS	0.00	0.00	0.00	0.00			0.00
6. OTHER (attach list)	59,373.00	1,226.13	1,016,004.94	696,153.08			1,772,757.15
TOTAL RECEIPTS**	1,072,300.91	204,534.91	1,364,525.65	1,064,420.61	0.00	0.00	3,705,782.08
(Withdrawal) Contribution by Individual Debtor MFR-2*	0.00	0.00					0.00
DISBURSEMENTS:							
7. NET PAYROLL	199,913.34	324,257.49	230,727.44	247,102.23			1,002,000.50
8. PAYROLL TAXES PAID	49,665.92	46,650.65	45,203.55	74,128.34			215,648.46
9. SALES, USE & OTHER TAXES PAID	13,818.82	10,824.77	10,396.90	27,566.76			62,607.25
10. SECURED/RENTAL/LEASES	0.00	50,090.45	75,369.65	47,696.58			173,156.68
11. UTILITIES & TELEPHONE	6,083.20	92,671.24	74,153.70	64,310.82			237,218.96
12. INSURANCE	66,731.52	50,186.51	23,118.40	70,188.06			210,224.49
13. INVENTORY PURCHASES	56,460.42	46,512.55	70,758.83	55,491.21			229,223.01
14. VEHICLE EXPENSES***	38,805.36	45,459.88	32,058.68	25,575.24			141,899.16
15. TRAVEL & ENTERTAINMENT	5,004.28	1,530.89	3,138.82	14,687.22			24,361.21
16. REPAIRS, MAINTENANCE & SUPPLIES	13,000.20	13,575.14	22,650.36	3,681.65			52,907.35
17. ADMINISTRATIVE & SELLING	45,917.85	102,905.41	84,636.15	74,918.65			308,378.06
18. ADEQUATE PROTECTION PAYMENT(S)****	3,885.00						3,885.00
19. OTHER (attach list)		10,000.00	795.06	700,803.24			711,598.30
TOTAL DISBURSEMENTS FROM OPERATIONS	499,285.91	794,664.98	673,007.54	1,406,150.00	0.00	0.00	3,373,108.43
19. PROFESSIONAL FEES	1,500.00						1,500.00
20. U.S. TRUSTEE FEES	0.00			5,250.00			5,250.00
21. OTHER REORGANIZATION EXPENSES (attach list)	0.00						0.00
TOTAL DISBURSEMENTS**	500,785.91	794,664.98	673,007.54	1,411,400.00	0.00	0.00	3,379,858.43
22. NET CASH FLOW	571,515.00	-590,130.07	691,518.11	-346,979.39	0.00	0.00	325,923.65
23. CASH - END OF MONTH (MOR-2)	613,300.00	23,169.93	714,688.04	367,708.65	367,708.65	367,708.65	367,708.65

* Applies to Individual debtors only

MOR-7

**Numbers for the current month should balance (match)

Revised 11/08/05

RECEIPTS and CHECKS/OTHER DISBURSEMENTS lines on MOR-8

Note:

Other Receipts has been used for net transfers between accounts
and a refund on a workers compensation policy all match MOR8

***This is for the fuel purchases for the resort including
fuel to run the generators on the golf course and utility company

****Deposit to new garbage company for monthly garbage
pickup

CASE NAME: Lajitas Resorts, Ltd.
CASE NUMBER: 07-70143

CASH ACCOUNT RECONCILIATION
MONTH OF October-07

BANK NAME														
ACCOUNT NUMBER	In House Banks	# 707691531	# 145718	Account Closed	Account Closed	# 707691566	# 707691549	# 707691812	# 7051654	#145734	Account Closed	House Bank	#2049843747	
ACCOUNT TYPE	House Banks	OPERATING	PATROLL	*WTNB - Deposit	*WTNB - Operating	CC DEPOSIT	CONSTRUC. OPERATING	LAKESIDE COTTAGES	CLAY HENRY FUND	PETTY CASH	*PBT - Checking	*Petty Cash-Construction	FUNDING ACCT	TOTAL
BANK BALANCE	0	177,276.00	8,515.03	0.00	0.00	0.00	0.00	1,160.14	1,037.90	111,965.99	0.00	0.00	108,107.51	407,662.57
DEPOSITS IN TRANSIT	0	2,695.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	956.46	0.00	0.00	0.00	3,652.16
OUTSTANDING CHECKS	0	21,268.33	9,449.18	0.00	0.00	0.00	287.82	0.00	0.00	9,089.75	0.00	0.00	0.00	40,075.08
ADJUSTED BANK BALANCE	0	158,703.37	-934.15	0.00	0.00	0.00	-287.82	1,160.14	1,037.90	103,432.70	0.00	0.00	108,107.51	371,239.65
BEGINNING CASH - PER BOOKS	9,323.00	368,305.93	-1,760.33	5,145.00	-17,742.00	77.34	-5,067.42	1,156.15	1,037.90	-4,887.86	3,259.00	-3,516.00	359,557.33	714,888.04
RECEIPTS*	0	674.20	0.00	0.00	0.00	253,859.42	0.00	3.99	0.00	113,179.74	0.00	0.00	550.18	368,267.53
TRANSFERS BETWEEN ACCOUNTS	0	298,544.70	154,231.96	0.00	0.00	-249,850.26	6,903.43	0.00	0.00	37,520.00	0.00	0.00	-252,000.00	-4,650.17
(WITHDRAWAL) OR CONTRIBUTION BY INDIVIDUAL DEBTOR - MFR-2	0													
CHECKS/OTHER DISBURSEMENTS*	0	508,821.46	153,405.78	0.00	0.00	4,086.50	2,103.83	0.00	0.00	42,379.18	0.00	0.00	0.00	710,796.75
ENDING CASH - PER BOOKS	9,323.00	158,703.37	-934.15	5,145.00	-17,742.00	0.00	-287.82	1,160.14	1,037.90	103,432.70	3,259.00	-3,516.00	108,107.51	367,718.65

MOR-8

*Numbers should balance (match) TOTAL RECEIPTS and
TOTAL DISBURSEMENTS lines on MOR-7

Revised 11/08/05

*Accounts closed balances remaining due
to stale dated deposits and checks not cleared
from gl.

